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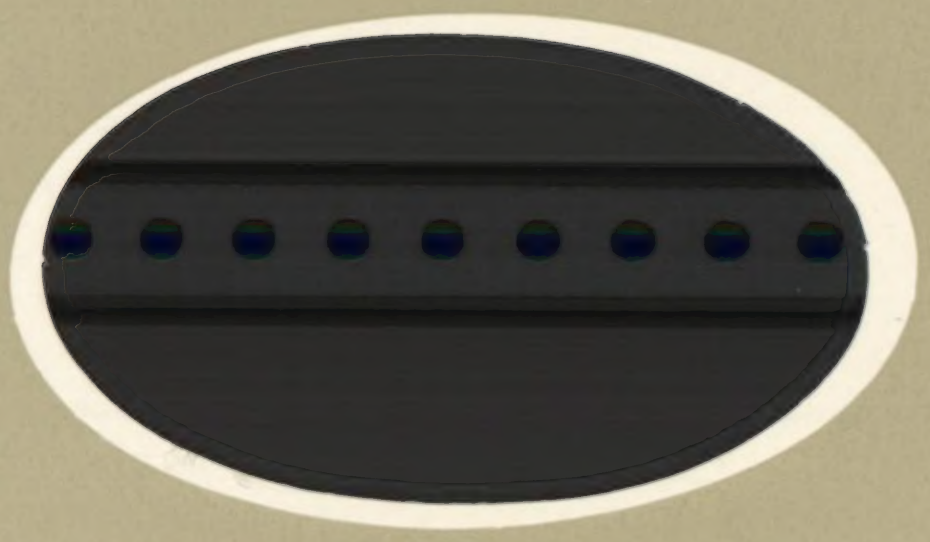
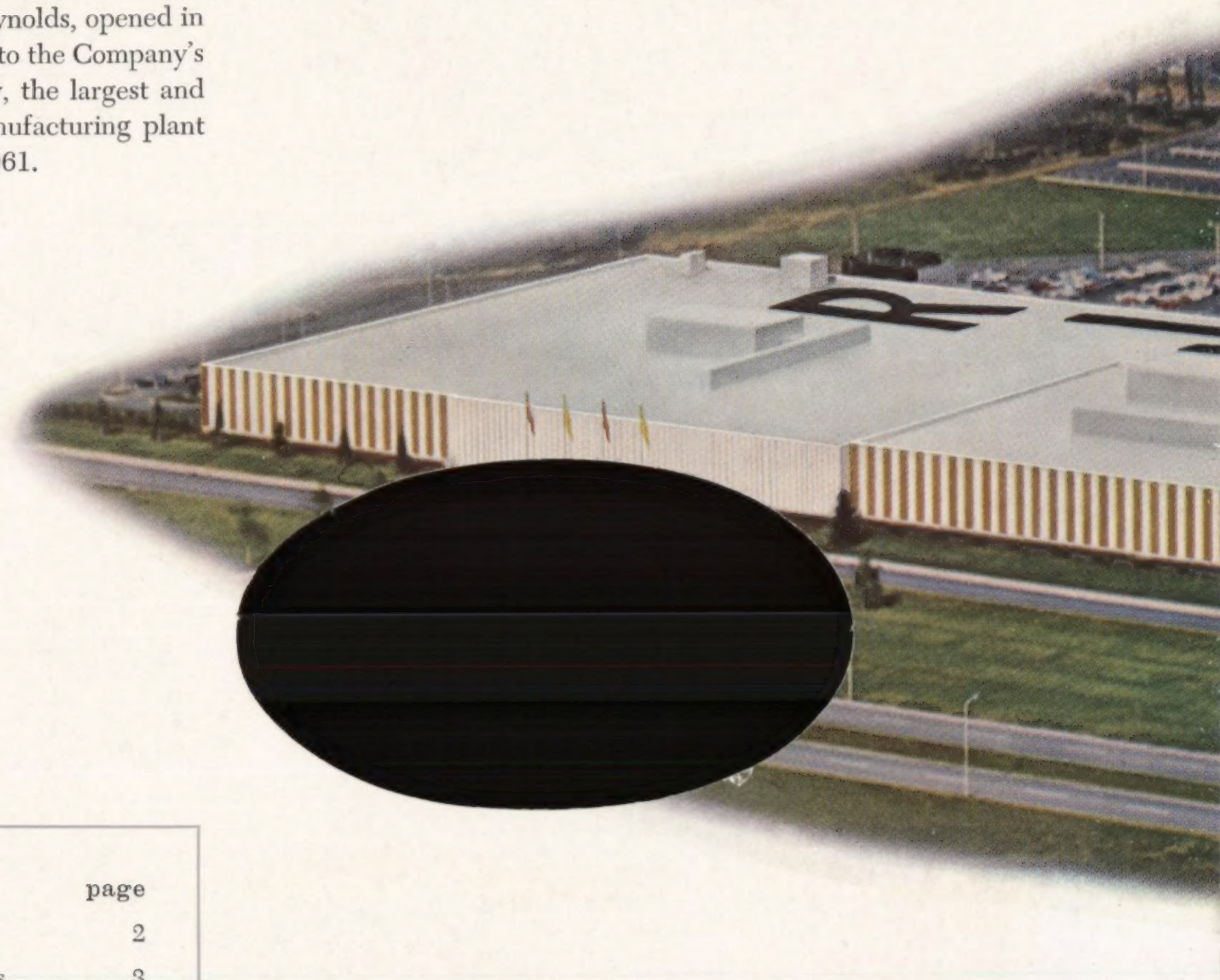
1961 ANNUAL REPORT



R. J. REYNOLDS TOBACCO COMPANY

RJR

Original factory of R. J. Reynolds, opened in 1875, is in striking contrast to the Company's new Whitaker Park factory, the largest and most modern cigarette manufacturing plant in the world, opened in 1961.



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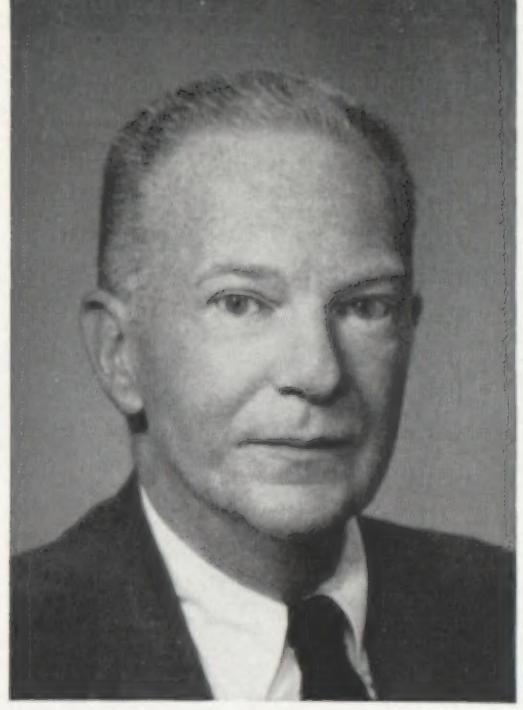
1961 ANNUAL REPORT

R. J. REYNOLDS TOBACCO COMPANY, Winston-Salem, North Carolina

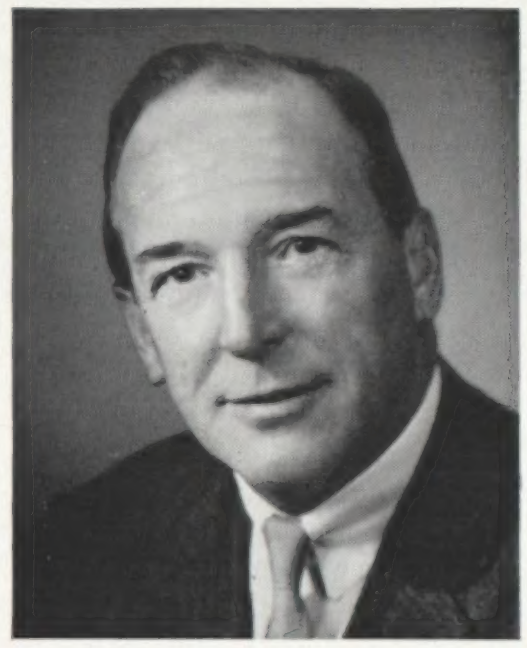
Comparative Summary

	1961	1960
SALES, EARNINGS AND DIVIDENDS		
Net Sales	$1,532,757,685	$1,418,260,858
Net Earnings	117,249,158	105,258,511
Net Earnings as a percentage of Net Sales	7.65%	7.42%
Earnings per share on Common Stock *before* taxes on income*	$ 6.53	$ 5.51
Taxes on income per share of Common Stock*	3.62	2.99
Net Earnings per share of Common Stock*:		
For the year's operations	2.91	2.52
Credit resulting from settlement of income tax liabilities for prior years	—	0.08
Total	2.91	2.60
Dividends per share on Common Stock*	1.40	1.20
Dividends on Preferred Stock	1,044,119	1,126,226
Dividends on Common Stock	56,000,000	48,000,000
FINANCIAL POSITION AND EQUITIES AT YEAR END		
Total Assets	$1,059,641,550	$ 947,258,414
Current Assets	924,079,675	823,089,063
Current Liabilities	384,953,048	325,342,913
Net Current Assets—Working Capital	539,126,627	497,746,150
Real Estate, Machinery and Equipment—net	127,029,549	110,724,071
Funded Debt	80,000,000	86,000,000
Equity of holders of Preferred Stock	27,870,800	29,510,800
Equity of holders of Common Stock	566,817,702	506,404,701
Number of stockholders at year end	89,550	81,856
Number of regular employees at year end	15,362	14,705

*Based on 40,000,000 shares.
1960 adjusted for 2-for-1 stock split in 1961.



Bowman Gray



A. H. Galloway

TO THE STOCKHOLDERS

The Company's business in 1961 reached the highest level in its history. New highs were attained in sales, earnings, and dividend payments.

Net earnings were 11.4% above those of 1960, the previous record year, and sales were 8.1% higher. Total assets topped the billion dollar mark for the first time.

In September the Company's then outstanding 20,000,000 shares of Common Stock were split two for one, the authorized number being increased from 30,000,000 to 60,000,000. The total par value of the additional 20,000,000 shares issued, $100,000,000, was charged to the Earnings Retained Account with a corresponding credit to the Common Stock Capital Account, thus maintaining par value at $5 a share.

For the eighth successive year since 1953, the dividend rate on the Common Stock was increased. On the basis of the split shares, the dividends paid in 1961 amounted to $1.40 a share as against $1.20 a share in 1960. The dividend prevailing at the end of the year was three times the rate paid in 1953.

The number of cigarettes sold by the Company reached a new high last year. In the face of a continuing decline in demand for regular-size, non-filter brands, CAMEL Cigarettes gained in volume and remain the leader in this category. WINSTON Cigarettes, again increasing substantially in sales, maintained their position as the nation's largest selling filter brand. SALEM Cigarettes, the second largest selling filter, achieved the greatest gain of any major brand in the industry, strengthening their position as the country's leading menthol-flavored cigarette.

Cigarette manufacturing capacity was increased substantially last year with the opening of the new Whitaker Park plant. When the factory attains full operation in the spring of 1962, total cigarette capacity will have been expanded by about 30%.

PRINCE ALBERT and CARTER HALL Smoking Tobaccos also increased in sales volume. Reversing the trend of the previous year, the Company had an increase in its total smoking tobacco business. There was a decline in the Company's sales of chewing tobacco, paralleling the industry trend. PRINCE ALBERT Smoking Tobacco and DAYS WORK Chewing Tobacco continue as the nation's largest selling brands in their respective fields.

At the close of 1961, the number of stockholders stood at a new high of 89,550, including 84,970 who held Common Stock. Holders of Common Stock increased 7,996 or 10.4% during the year.

The Company had 15,362 regular employees and 4,278 seasonal employees at the year's end. Of the regular employees, 4,003 had completed 20 or more years of service. The achievements of the Company during 1961 were made possible by the loyalty, enthusiasm, and sustained effort of its employees at all levels.

On behalf of the entire organization, appreciation is expressed to the shareholders for their continued interest and support.

Respectfully submitted for the Board of Directors,

Chairman, Board of Directors

President

January 27, 1962

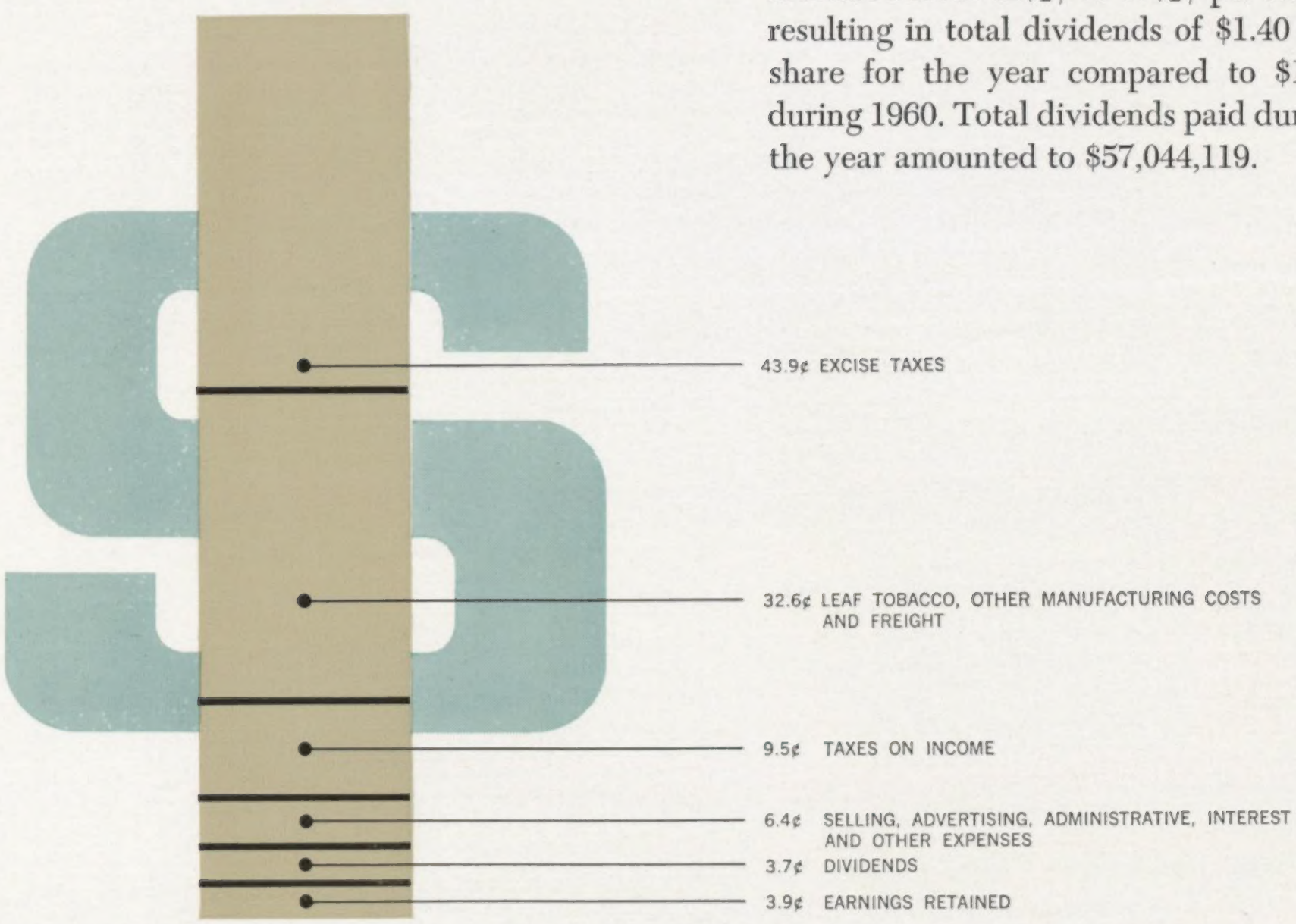
Financial Review

Sales in 1961 were $1,532,757,685, an increase of $114,496,827 over 1960. Net earnings were $117,249,158, an increase of $11,990,647 over the previous year.

After payment of dividends on the Preferred Stock net earnings on the Common Stock amounted to $2.91 per share compared with $2.60 in 1960. All comparisons of per share earnings and dividends are made after adjusting for the two-for-one split of the Company's common shares during 1961.

In the third quarter of 1961, the quarterly dividend on Common Stock was increased from 32½¢ to 37½¢ per share, resulting in total dividends of $1.40 per share for the year compared to $1.20 during 1960. Total dividends paid during the year amounted to $57,044,119.

DISTRIBUTION OF THE 1961 SALES DOLLAR



In view of the Company's growing business, it was necessary to enlarge leaf tobacco inventories substantially. At December 31, 1961, all inventories totaled $842,859,048, as against $743,335,117 at the end of 1960. To finance the acquisition of the larger leaf tobacco inventories, short-term debt was increased. At the year end this amounted to $258,200,000 compared with $216,270,000 at the close of 1960.

The Company's purchases of leaf tobacco are made principally in the last four months of the year causing the highest inventory peak in December and January. In recent years the Company has not completely eliminated short-term borrowings in the summer months before large buying of the current crop commences. The low point of such borrowings in 1961 was $21,000,000 compared to $51,500,000 during 1960. It is anticipated that in the summer of 1962 the Company's short-term loans will be eliminated or reduced to a relatively small amount. No long-term financing is contemplated.

Due to smaller average borrowings during the year and lower interest rates, interest and debt expense amounted to $7,335,084 compared with $8,516,573 for 1960.

Depreciation charges for 1961 amounted to $11,833,441 or $1,754,465 more than for 1960. After deducting depreciation and adjusting for disposals, the net account for real estate, machinery and equipment stood at $127,029,549, or $16,305,478 more than at the end of 1960.

In 1961 funded debt was reduced by $6,000,000. During the year the Company increased its holdings in its Preferred Stock by acquiring 16,400 shares at a cost of $1,432,038.

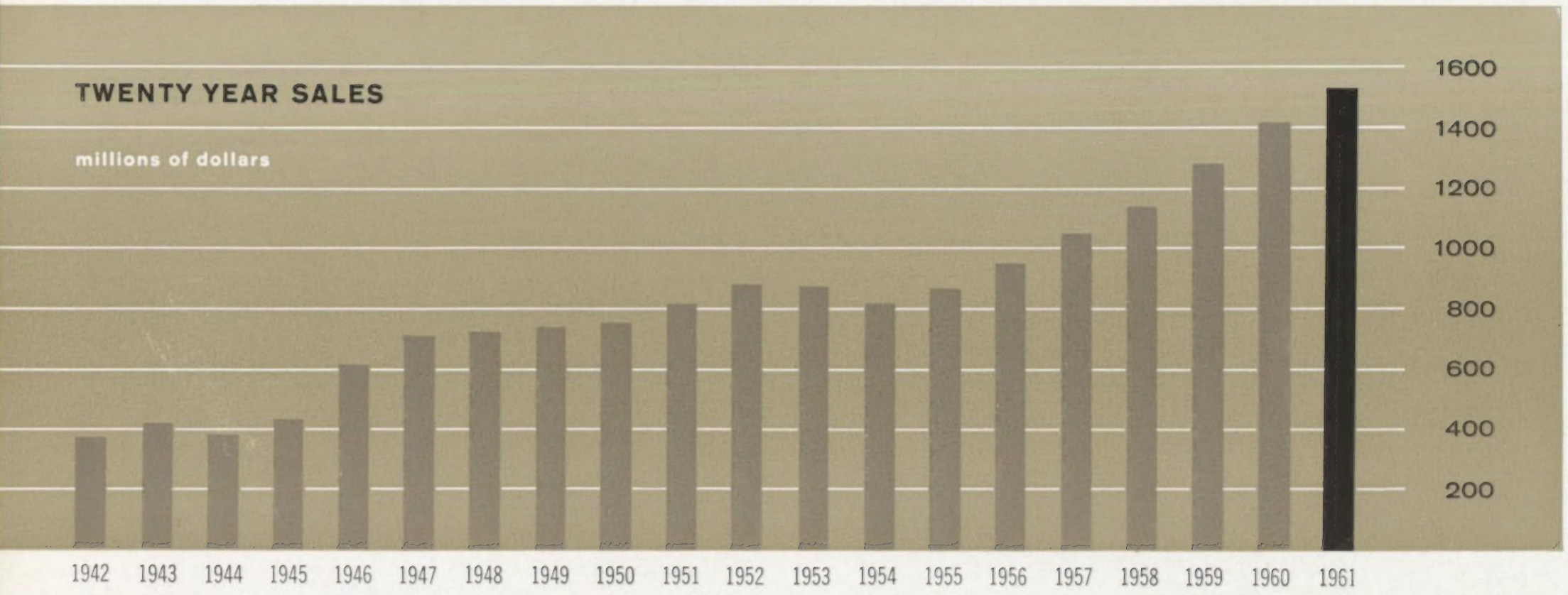
It will be recalled that early in 1960 the Company's subsidiary, Reynolds-Neuerburg G.m.b.H., acquired a 51%

DISPOSITION OF NET EARNINGS
(in thousands of dollars)

	1961	1960	1959	1958	1957
Dividends paid	$ 57,044	$ 49,126	$43,280	$39,248	$35,375
Purchase of Preferred Stock, 3.60% Series	1,432	3,824	2,621	2,779	1,502
Redemption of Preferred Stock, 4.50% Series	—	—	—	26,260	—
Reduction in funded debt	6,000	6,000	6,000	6,000	6,000
Net addition to plant and equipment	16,305	16,433	15,415	15,318	18,545
Increase or (decrease) in working capital	41,381	19,344	23,043	(11,247)	3,073
Increase or (decrease) in other assets	(4,913)	10,531	(1)	(32)	(335)
Net earnings	$117,249	$105,258	$90,358	$78,326	$64,160

COMPUTATION OF INCREASE OR (DECREASE) IN WORKING CAPITAL

Increase in inventories	$ 99,524	$ 58,828	$89,602	$ 8,365	$29,293
Increase in cash and receivables	1,467	8,115	5,003	6,584	6,200
Increase in current assets	100,991	66,943	94,605	14,949	35,493
Less increase in current liabilities	59,610	47,599	71,562	26,196	32,420
Increase or (decrease) in working capital	$ 41,381	$ 19,344	$23,043	($11,247)	$ 3,073



interest in the West German company Zigarettenfabrik Haus Neuerburg K.G. Due to tax considerations it is necessary to manufacture cigarettes in West Berlin notwithstanding the fact that there is sufficient capacity in the Trier and Baden-Baden plants. Because of political conditions, it has been advisable to continue manufacturing in both these plants although this increases overhead costs. Such increased costs, together with the greatly expanded promotion outlays made in the effort to gain a larger share of the West German market, have caused operating losses.

The accounts of the foreign affiliates are not consolidated with those of the Company. In order to reflect in the Company's accounts its share of the loss of operations of the foreign affiliates from the time of acquisition to the end of 1961, there has been charged to the Company's operations the amount of $1,600,000. Additionally there was charged to operations in 1961 the amount of $5,607,733 in order to reduce the Company's investment in the foreign affiliates to the Company's equity in their underlying net book assets at the time of acquisition.

During the last five years net account for real estate, machinery and equipment has been increased by $82,017,867, working capital by $75,591,771, and other assets by $5,249,668. During this same period funded debt was reduced by $30,000,000 and $38,418,365 was spent for the retirement and acquisition of Preferred Stock.

For the first time the Company's assets as carried on its books exceeded one billion dollars. At December 31, 1961, assets totaled $1,059,641,550, or nearly twice the amount shown as recently as ten years ago at the end of 1951.

Marketing

The Company's basic marketing philosophy of helping its customers sell more Reynolds products continued to produce excellent results. In achieving a greater share of the total market the Company widened its lead over its competitors.

Effective advertising support contributed materially to the attainment of the Company's new sales records.

In the belief that television audiences are becoming interested in a wider variety of entertainment, the Company sought greater diversification in its use of that medium.

TV PROGRAMMING

The Company's television programming was considerably strengthened by sponsorship of an outstanding news program, "The Huntley-Brinkley Report." Other important shows added were "Sing

1 **"HUNTLEY-BRINKLEY REPORT"** Chet Huntley & David Brinkley

2 **"THE GARRY MOORE SHOW"** Garry Moore

3 **"SING ALONG WITH MITCH"** Mitch Miller and the gang

4 **"TO TELL THE TRUTH"** Bud Collyer (Host)

5 **"THE FLINTSTONES"** Cartoon Series

6 **"77 SUNSET STRIP"** Efrem Zimbalist, Jr., Roger Smith, Edward Byrnes

7 **ORANGE BOWL GAME & EAST-WEST GAME**

8 **"SATURDAY NIGHT AT THE MOVIES"**

9 **"NCAA FOOTBALL"** 13 Big College Games

10 **"LAWMAN"** John Russell & Peter Brown

11 **"WAGON TRAIN"** John McIntire & Robert Horton

12 **"TALL MAN"** Barry Sullivan & Clu Gulager

Full-color advertisements in newspapers and magazines promoted the Company's cigarette brands.

Tobacco Products

CIGARETTES

Camel · Winston · Salem
Cavalier

SMOKING TOBACCOS

Prince Albert
George Washington
Carter Hall · Our Advertiser
Top · Stud

Along With Mitch," "Saturday Night At The Movies," "The Garry Moore Show," and "NCAA Football." Supplementing the network shows, TV spot announcements were employed in selected markets. Extensive radio advertising provided additional broad coverage through schedules on network programs and spot announcements placed on local stations.

Continued extensive use was made of full-color advertisements in daily newspapers for the Company's cigarette brands. General and special-interest magazines carried to millions of readers the advertising themes of our major products.

SALES PROMOTION

Sales promotional materials to assist dealers received continuing emphasis. These included specially designed displays and packaging for seasonal and holiday promotions. The Company's salesmen directed a major part of their efforts toward improving point-of-purchase merchandising.

A significant factor in the Company's marketing success is the fact that members of the headquarters sales management staff are experienced field men who have progressed through the ranks. They spend a great portion of their time in the field studying local marketing conditions and coordinating the efforts of sales personnel.

FOREIGN MARKETS

During 1961 the Company intensified its promotional efforts in foreign markets throughout the world, with the result that the volume of export sales was increased appreciably.

In West Germany the Company's affiliate, Zigarettenfabrik Haus Neuerburg K. G., increased its marketing and advertising activities. Last March this affiliate introduced in the West German market a menthol-flavored, filter-tip cigarette, REYNO. A new filter-tip cigarette, GELTEN, was introduced in test markets last September. During the final six months of 1961 there was an encouraging improvement in the affiliate's sales.

PRINCIPAL BRANDS OF CHEWING TOBACCOS
(not illustrated)

Days Work · Brown's Mule
Apple Sun Cured
Reynolds' Natural Leaf

ARCHER ALUMINUM

Archer Aluminum Division substantially increased the sale of its products during 1961. While the major part of Archer's production consists of wrapping foil, cartons, and labels for the Company's tobacco products, a substantial amount was sold to others.

Archer's foil is used by other manufacturers for wrapping various items as well as in the production of electrical capacitors, telephone cable, and building insulation materials. Archer's laminated foil is sold to converters for processing into labels for bottles and cans, canister liners, package overwraps, house insulation, tape, tags, gummed seals and labels, matchbook covers, and folding cartons.

Finished products sold by Archer to others include florist foil, printed laminated foil wraps, printed and die-cut foil cartons, and paperboard folding cartons. Archer products are used in packaging margarine, confections, facial tissues, and other items distributed on a national basis.

Through intensified market and product research Archer continues to develop new and enlarged markets.

ARCHER ALUMINUM DIVISION

FOIL PRODUCTS / PACKAGING PRODUCTS

Entrance to Whitaker Park. The plant, opened last year, was named in honor of former Board Chairman John C. Whitaker, who retired as a director in July, 1961.

Building Program

The largest single project in the Company's continuing expansion program—the new Whitaker Park cigarette manufacturing plant—was completed in 1961. This plant was formally opened in October and at the year end three units were producing CAMEL and WINSTON Cigarettes. Two additional units will start operating as soon as the machinery can be installed.

The factory when completely equipped will represent an investment of about $32,000,000. New standards of efficiency are made possible by electronic automation and the use of the latest processing, manufacturing, and materials handling equipment.

CAPITAL OUTLAYS

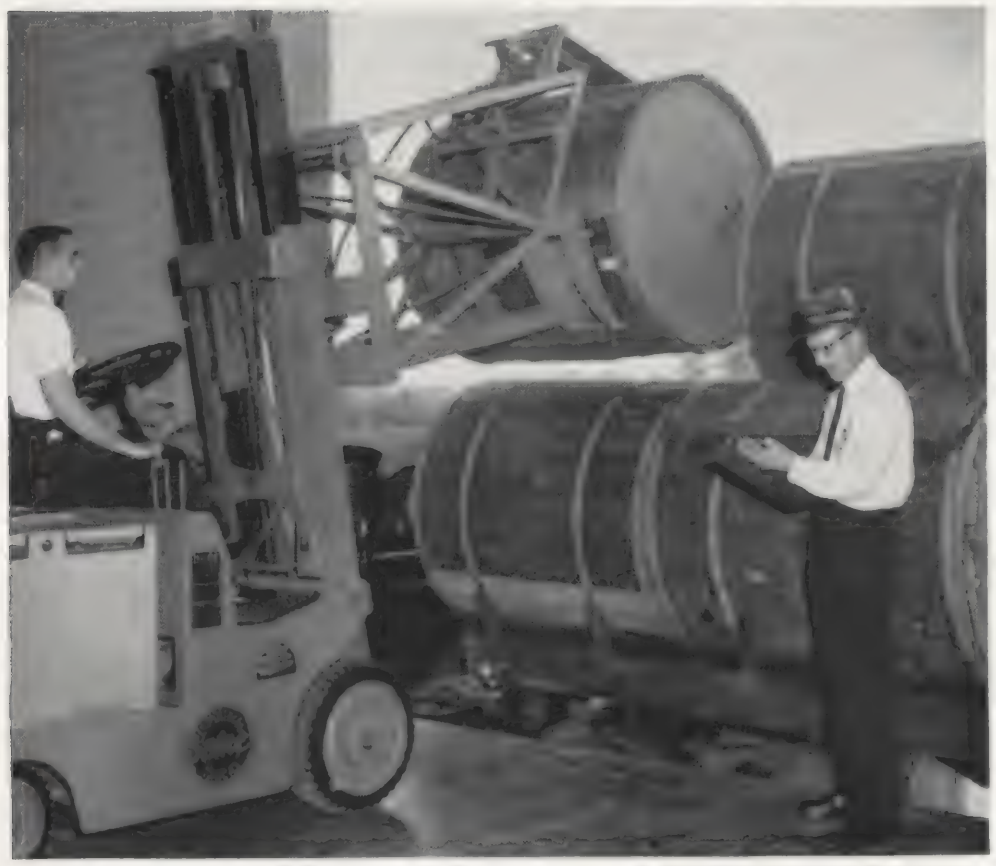
Capital expenditures for all purposes during 1961 amounted to $28,451,934, bringing the total investment in new and modernized facilities to $128,579,671 over the last five years. The plant expansion and improvement program will continue with expenditures during 1962 estimated to be about the same as in 1961.

Electronically controlled cigarette-making machine turns out more than 1,400 cigarettes a minute.

The increasing demand for the Company's products has required the construction of a new tobacco processing plant in Winston-Salem. This is scheduled for completion by January, 1963, at a cost of approximately $8,000,000.

NEW PROCESSING FACILITY

Another modern tobacco processing facility, together with supporting leaf storage warehouses, is contemplated for construction in Davie County, North Carolina, where the Company has acquired some 800 acres of land. This project would be similar to the Company's recently completed developments at Lexington, Kentucky, and Brook Cove, North Carolina.



Leaf tobacco, properly aged, is brought into the plant in giant hogsheads for further processing.

Rows of new cigarette-making and filter-tipping machines installed at Whitaker Park plant.

Reception lobby is frequently thronged with visitors to Whitaker Park, where week-day and evening tours are conducted.

To meet the growing demands upon the Archer Aluminum Division, it is necessary to increase its production facilities for foil rolling, laminating, and printing. The additional plants will consist of three buildings, having a total floor area of 233,000 square feet, scheduled for completion late in 1962. The present estimated cost of these buildings and the equipment is $6,300,000.

* * *

The new Whitaker Park factory is attracting large numbers of visitors. Guided tours of cigarette manufacturing operations are available to the public at any time from 8 a.m. to 3 p.m. and from 6 p.m. to 10 p.m., Monday through Friday. The plant is located at North Cherry and 33rd Streets, Winston-Salem. Visitors are cordially welcome.

Electronic controls facilitate loading of cigarettes for shipment by rail and truck.

R. J. REYNOLDS TOBACCO COMPANY

10 Year Record — Condensed Comparative Financial Data

Year ended December 31,	1961†	1960†	1959†	1958†	1957†
SALES, EARNINGS AND DIVIDENDS (amounts in thousands of dollars)					
Net Sales	$1,532,758	$1,418,261	$1,286,856	$1,146,559	$1,053,326
Income before taxes	262,132	221,730	197,770	171,984	138,606
Federal and state taxes on income	144,883	119,670	107,412	93,658	74,446
Net Earnings	117,249	105,258*	90,358	78,326	64,160
Dividends on Preferred Stock	1,044	1,126	1,280	2,282	2,657
Dividends on Common Stock	56,000	48,000	42,000	36,966	32,718
FINANCIAL POSITION AND EQUITIES (amounts in thousands of dollars)					
Current Assets	$ 924,080	$ 823,089	$ 756,147	$ 661,542	$ 646,593
Federal and state tax liabilities	93,216	78,348	87,619	75,002	63,744
Other current liabilities	291,737	246,995	190,125	131,180	116,241
Working Capital	539,127	497,746	478,403	455,360	466,608
Real Estate, Machinery and Equipment—net	127,030	110,724	94,291	78,876	63,557
Total Assets	1,059,642	947,258	853,352	743,333	713,097
Funded Debt	80,000	86,000	92,000	98,000	104,000
Equity of holders of Preferred Stock	27,871	29,511	34,077	37,285	66,572
Equity of holders of Common Stock	566,818	506,405	449,531	401,866	362,540
FINANCIAL STATISTICS (Based on 40,000,000 shares. Prior years adjusted for 2-for-1 stock splits in 1961 and 1959.)					
Income taxes per share of Common Stock	$ 3.62	$ 2.99	$ 2.69	$ 2.34	$ 1.86
Earnings per share on Common Stock	2.91	2.60**	2.23	1.90	1.54
Dividends per share on Common Stock	1.40	1.20	1.05	.92½	.82½
Book value per share of Common Stock	14.17	12.66	11.24	10.05	9.06

†Effective with 1957, the Company adopted the LIFO method of pricing inventories instead of the average cost method used in previous years

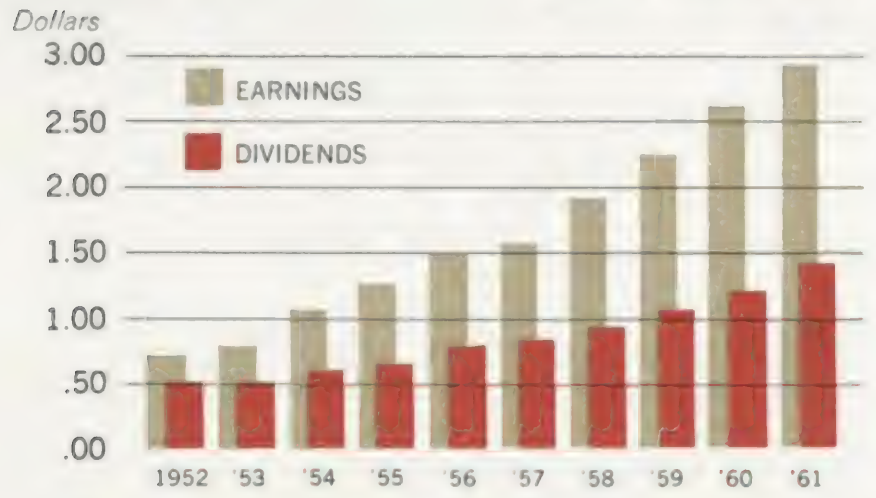
*Includes credit of $3,198,466 resulting from settlement of income tax liabilities for prior years.

**Includes $0.08 per share credit resulting from settlement of income tax liabilities for prior years.

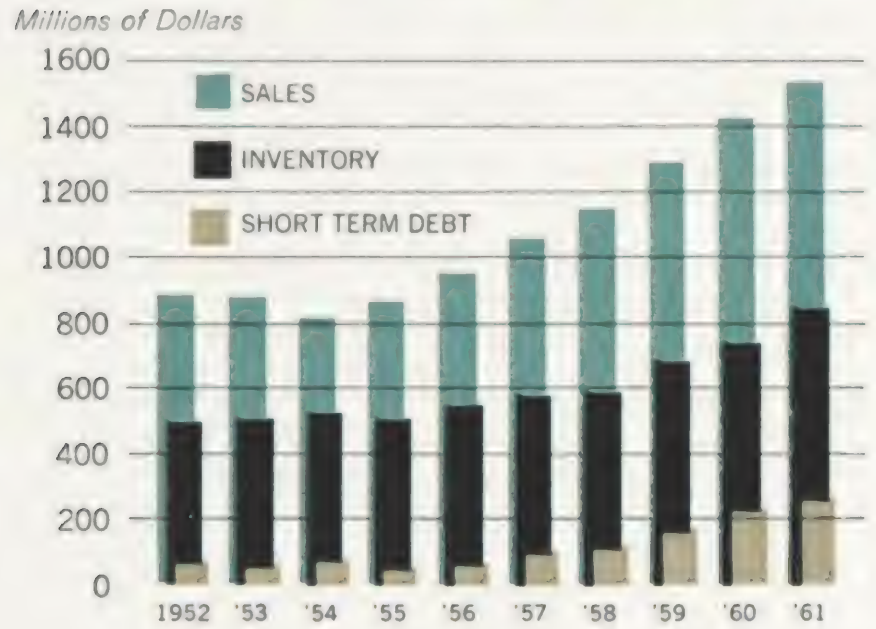
1956	1955	1954	1953	1952
$957,367	$866,426	$814,274	$876,189	$881,424
137,103	121,268	103,343	102,873	95,514
75,190	68,000	58,516	68,701	63,565
61,913	53,268	44,827	34,172	31,949
2,763	2,794	2,894	2,934	2,934
30,707	25,737	23,732	19,756	19,723
$611,100	$566,735	$574,025	$558,394	$553,200
71,202	69,574	62,279	71,513	65,237
76,363	51,865	82,593	66,189	71,979
463,535	445,296	429,153	420,692	415,984
45,012	41,486	40,259	36,395	34,551
659,394	611,641	617,636	598,609	591,641
110,000	115,000	120,000	125,000	130,000
68,483	70,686	73,377	75,000	75,000
333,346	304,516	279,386	260,907	249,425
$ 1.88	$ 1.70	$ 1.46	$ 1.72	$ 1.59
1.48	1.26	1.05	.78	.72
.77½	.65	.60	.50	.50
8.33	7.61	6.98	6.52	6.24

EARNINGS AND DIVIDENDS PER COMMON SHARE

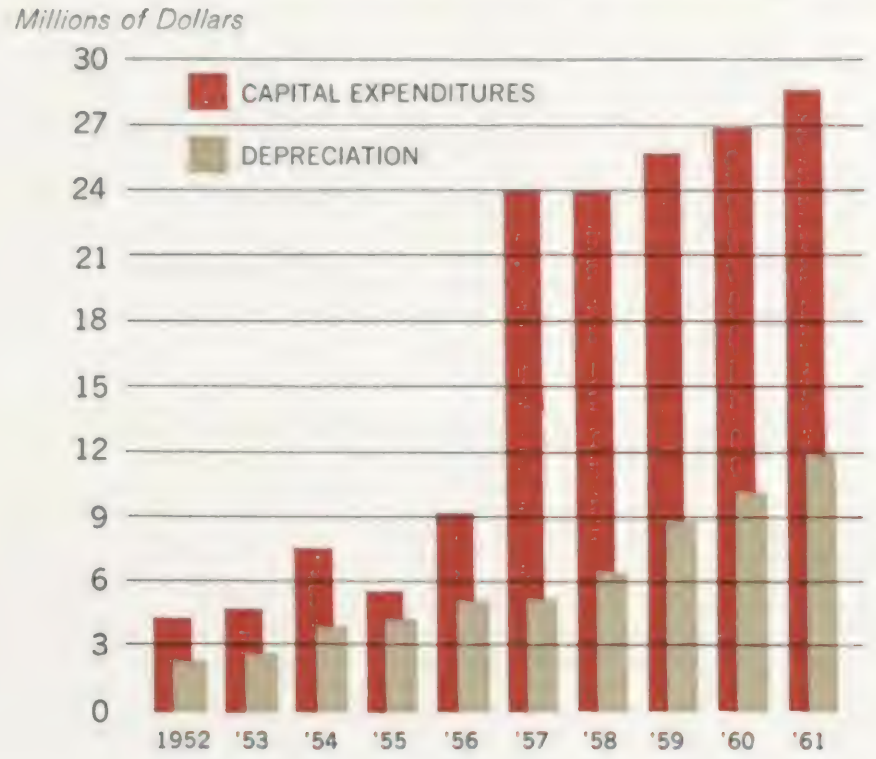
(BASED ON 40,000,000 SHARES)



SALES, INVENTORY AND SHORT TERM DEBT



CAPITAL EXPENDITURES AND DEPRECIATION



R. J. REYNOLDS TOBACCO COMPANY

Financial Position – December 31, 1961 with comparative

ASSETS

	1961	1960
CURRENT ASSETS:		
Cash	$ 28,526,809	$ 29,049,569
Accounts receivable from customers (less discounts)	52,693,818	50,704,377
Leaf tobacco, supplies. manufactured products, etc.—at cost (last-in, first-out basis)	842,859,048	743,335,117
TOTAL CURRENT ASSETS	924,079,675	823,089,063
REAL ESTATE, MACHINERY AND EQUIPMENT—at cost	191,598,723	165,396,177
Less allowances for depreciation	64,569,174	54,672,106
NET REAL ESTATE, MACHINERY AND EQUIPMENT	127,029,549	110,724,071
OTHER ASSETS:		
Investments in (at cost, less reserves) and advances to non-consolidated foreign affiliates	5,473,968	10,889,441
Other investments	225,000	225,000
Brands, trade-marks and good will	1	1
Prepaid expenses and sundry receivables	2,833,357	2,330,838
TOTAL OTHER ASSETS	8,532,326	13,445,280
	$1,059,641,550	$947,258,414

figures for 1960

LIABILITIES	1961	1960
CURRENT LIABILITIES:		
Notes payable	$ 258,200,000	$216,270,000
Accounts payable and sundry accrued accounts	27,536,813	24,725,397
Funded debt due within one year	6,000,000	6,000,000
Federal and state taxes	93,216,235	78,347,516
TOTAL CURRENT LIABILITIES	384,953,048	325,342,913
FUNDED DEBT (due annually 1962-1965, $6,000,000; 1966-1972, $7,000,000; 1973, $13,000,000):		
2½% Promissory Notes	33,000,000	38,000,000
3% Debentures, due October 1, 1973	47,000,000	48,000,000
TOTAL FUNDED DEBT	80,000,000	86,000,000
CAPITAL AND EARNINGS RETAINED:		
Preferred Stock—Par $100		
Authorized and issued 490,000 shares 3.60% Series	49,000,000	49,000,000
Common Stock—Par $5		
Authorized		
1961—60,000,000 shares		
1960—30,000,000 shares		
Issued		
1961—40,000,000 shares	200,000,000	—
1960—20,000,000 shares	—	100,000,000
	249,000,000	149,000,000
Earnings Retained for requirements of the business	363,305,246	403,100,207
	612,305,246	552,100,207
Less Cost of Preferred Stock, 3.60% Series, in Treasury (211,292 shares in 1961; 194,892 shares in 1960)	17,616,744	16,184,706
TOTAL CAPITAL AND EARNINGS RETAINED	594,688,502	535,915,501
	$1,059,641,550	$947,258,414

R. J. REYNOLDS TOBACCO COMPANY

Statement of Earnings

Year Ended December 31, 1961—With Comparative Figures for 1960

	1961	1960
NET SALES	$1,532,757,685	$1,418,260,858
OTHER INCOME	341,931	335,670
TOTAL INCOME	1,533,099,616	1,418,596,528
LESS:		
Cost of goods sold, selling and general expenses, exclusive of items below	1,244,591,200	1,178,270,934
Provision for depreciation	11,833,441	10,078,976
Interest and debt expense	7,335,084	8,516,573
Provision to reduce net carrying amount of investment in non-consolidated foreign affiliates	7,207,733	——
Provision for Federal and state taxes on income	144,883,000	119,670,000
TOTAL INCOME DEDUCTIONS	1,415,850,458	1,316,536,483
Net Earnings for year, before special item		102,060,045
Credit resulting from settlement of income tax liabilities for prior years	——	3,198,466
NET EARNINGS	$ 117,249,158	$ 105,258,511
Dividends paid on Preferred Stock	$ 1,044,119	$ 1,126,226
NET EARNINGS APPLICABLE TO COMMON STOCK	$ 116,205,039	$ 104,132,285

Statement of Earnings Retained

Year Ended December 31, 1961—With Comparative Figures for 1960

	1961	1960
EARNINGS RETAINED for requirements of the business—at beginning of year	$403,100,207	$346,967,922
ADD:		
Net Earnings	117,249,158	105,258,511
	520,349,365	452,226,433
DEDUCT:		
Cash dividends—		
Preferred Stock, 3.60% Series	1,044,119	1,126,226
Common Stock at $1.40 per share for 1961 ($1.20 per share for 1960) both years adjusted for 2-for-1 split	56,000,000	48,000,000
TOTAL CASH DIVIDENDS	57,044,119	49,126,226
Transferred to Common Stock in connection with the 2-for-1 stock split September 7, 1961	100,000,000	——
TOTAL DEDUCTIONS	157,044,119	49,126,226
EARNINGS RETAINED for requirements of the business—at end of year	$363,305,246	$403,100,207

REPORT OF INDEPENDENT ACCOUNTANTS

R. J. REYNOLDS TOBACCO COMPANY, ITS DIRECTORS AND STOCKHOLDERS

We have examined the statement of financial position of R. J. REYNOLDS TOBACCO COMPANY as of December 31, 1961, and the related statements of earnings and of earnings retained for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We were present when inventories were taken by the Company and checked procedures followed in determining quantities and valuation.

In our opinion, the accompanying statement of financial position and statements of earnings and of earnings retained present fairly the financial position of the Company at December 31, 1961, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST

Winston-Salem, N. C., January 26, 1962

R. J. REYNOLDS TOBACCO COMPANY

BOARD OF DIRECTORS

CHARLES H. BABCOCK
LEIGHTON H. COLEMAN
A. H. GALLOWAY
BOWMAN GRAY
GORDON GRAY
S. B. HANES, JR.
KENNETH H. HOOVER
H. S. KIRK
WILLIAM R. LYBROOK
DAVID S. PEOPLES
H. H. RAMM
JOSEPH H. SHERRILL
W. S. SMITH, JR.
COLIN STOKES
CHARLES B. WADE, JR.

OFFICERS

BOWMAN GRAY . . . . . *Chairman, Board of Directors*
H. S. KIRK . . . . . *Chairman, Executive Committee*
A. H. GALLOWAY . . . . . *President*
S. B. HANES, JR. . . . . *Executive Vice President*
COLIN STOKES . . . . . *Executive Vice President*
H. H. RAMM . . . . . *Vice President*
KENNETH H. HOOVER . . . . . *Vice President*
CHARLES B. WADE, JR. . . . . *Vice President*
W. S. SMITH, JR. . . . . *Vice President*
WILLIAM R. LYBROOK . . . *Vice President and Secretary*
DAVID S. PEOPLES . . . . . *Comptroller*
E. C. PETERSON . . . . . *Treasurer*

REGISTRAR

MANUFACTURERS HANOVER TRUST COMPANY
70 Broadway, New York 15, N. Y.

TRANSFER AGENTS

THE CHASE MANHATTAN BANK
1 Chase Manhattan Plaza, New York 15, N. Y.

THE FIRST NATIONAL BANK OF JERSEY CITY
1 Exchange Place, Jersey City 3, N. J.

Tobacco's 350th anniversary, marking the beginning

of commerce and industry in the United States, will be observed

in May 1962 at Jamestown, Virginia.

R. J. REYNOLDS TOBACCO COMPANY | ANNUAL REPORT 1961